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COUNTRIES AND PEOPLES

AMERICAN SAMOA

Working paper prepared by the Secretariat

Addendum

The present addendum contains an annex to the working paper on American Samoa prepared by the Secretariat (A/AC.109/2044). The information summarized in the addendum has been derived from information transmitted to the Secretary-General by the Government of the United States of America on 14 June 1996, under Article 73 e of the Charter of the United Nations.

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ANNEX

Additional information on American Samoa

I. GENERAL

1. American Samoa is an unincorporated and unorganized territory of the United States of America. It is "unincorporated" because not all provisions of the United States Constitution apply. It is "unorganized" because Congress has not provided the Territory with an organic act, which would provide for the organization of the Government and its relationship to the federal Government. Congress has delegated authority over American Samoa to the Secretary of the Interior, who in turn authorized the Territory to draft the constitution under which it operates. American Samoans are nationals of the United States and may become naturalized United States citizens.

2. American Samoa consists of five volcanic islands and two atolls. It is located approximately 2,300 miles south-west of Honolulu. American Samoa's capital, Pago Pago, is located on the largest island, Tutuila. The Manu'a Islands, which became part of American Samoa in 1904, are the other major islands in the Territory. The population of American Samoa in 1994 was estimated at 54,760 persons. The total area is 76 square miles, 56 of which form the main island of Tutuila. The total territorial sea area covers more than 150,000 square miles.

II. POLITICAL AND ECONOMIC DEVELOPMENTS

A. Political status developments and federal relations

3. Most of American Samoa's leaders have expressed satisfaction with the island's present relationship with the United States, in part because the United States has kept its promise made in the Deeds of Cession to protect the Samoan culture, including the traditional land tenure system.

4. The major focus of attention in the territorial Government's relationship with the federal Government is working out a partnership that will enable the territorial Government to improve its financial management and budget capabilities. Over the past several years, the Government has incurred a cumulative operating deficit in excess of $30 million. An audit by the General Accounting Office pointed to the lack of adequate fiscal management and budget discipline as the main causes of the Government's poor financial condition. In the wake of that report, Congress directed the Government of American Samoa and the Department of the Interior's Office of Territorial and Insular Affairs to form a joint working group to develop a plan of action to address the Government's fiscal management problems. Progress reports on the Government's plan of action are submitted semi-annually to Congress. The Office of Territorial and Insular Affairs entered into several agreements with other federal agencies to provide recommendations and assistance for rebuilding American Samoa's financial management capabilities and strengthening other governmental functions.

5. The Government of American Samoa continues to have significant financial, budgetary and internal control problems. The Territory's deficit and financial condition are compounded by the high demand for government services from the rapidly growing population, a limited economic and tax base and recent natural disasters. These factors have limited the Government's ability to reduce the deficit and will continue to plague it in the near future. The Government has initiated measures aimed at controlling and reducing expenditures, while continuing its programme of expanding and diversifying the local economy.

B. Current economic conditions

6. American Samoa's population is growing rapidly. The mid-year population estimate for 1994 was 54,760. This represents growth of over 17 per cent since the 1990 census, which showed a population of 46,638, a figure much higher than anticipated. This growth is the result of immigration and a high level of births, including births to non-residents. A population survey conducted in 1995 with technical assistance from the Office of Territorial and Insular Affairs will help to quantify the components of population growth. As might be expected this rapid population growth places a strain on the public infrastructure and on American Samoa's ability to provide necessary services.

7. American Samoa's economy is still heavily dependent on federal expenditures and the two tuna canneries. In fact, 93 per cent of American Samoa's economy is based directly and indirectly on United States federal expenditures and the canning industry. The remaining 7 per cent stems from a small tourism industry and a few small businesses.

8. Total employment in American Samoa declined from 13,810 in 1991 to 13,627 in 1992 and to 13,543 in 1993. Employment is distributed about equally among the three sectors: Government, the canneries and secondary industries - primarily wholesale and retail trade, transportation and services. Cannery employment continued to decrease, by 2 per cent in 1993. Employment in the rest of the economy increased slightly, but the overall unemployment rate continued upward to 16.7 per cent in 1993, in the face of a growing population.

9. American Samoa has experienced flat or declining real federal revenues for the last decade, except for post-hurricane periods in which federal recovery funds added substantially to the total. Hurricanes "Ofa" in 1990 and "Val" in 1991 caused widespread damage and severe disruption to American Samoa's infrastructure and economic development efforts.

10. American Samoa's balance of trade reflects the dominance of the tuna canneries and annual changes are influenced heavily by changes in prices and the timing of export shipments. Total exports increased from $317.7 million in 1992 to $488.2 million in 1993, resulting in a trade surplus of $52 million.

11. Typically, local businesses are small, owned by independent local operators and sell exclusively to the local market. They face high costs owing to limited access to capital, the need to import most goods and raw materials and high labour costs compared with the rest of the region. High costs and the distance to markets restrict their ability to export. Thus, local businesses are

vulnerable to competition from neighbouring islands with lower wage levels and from larger, more efficient businesses in the United States.

12. American Samoa's current narrow economic base is not adequate to meet the demand for employment and to reduce emigration by Samoa's young people. The territorial Government has sought to diversify its economy by seeking outside investment in light industries (particularly garment manufacturing), farming and fishing, tourism, regional trade and services. However, the disadvantages of a remote location, lack of skilled manpower, limited infrastructure and a lack of significant comparative advantages (such as labour costs) over other Pacific sites have yet to be overcome.

13. Although tourism is not currently a major factor in American Samoa's economy, the development of this sector is a priority. The Territory did not share in the tourism boom experienced in the 1980s in the western Pacific, which has seen a precipitous drop in the 1990s. This drop was a result of several factors, including the loss of international airline service and several hurricanes. Tourist arrivals totalled 5,400 in 1993, a decline of 2,300 from the 1992 figure and about half of the visitor level in 1991. American Samoa has little tourist infrastructure, with only one large hotel (80 per cent government-owned) and a total of 205 hotel rooms on Tutuila island. Proposals for additional hotel rooms have been put forward but have not received the necessary approval or financing for construction. In addition to its need for upgraded tourist facilities, the tourism industry needs promotion, improved skill training and increased international air travel services.

14. Development of ecotourism is one of the most promising growth areas. Because of ecotourism's perceived "gentle" effect on the local population and environment, the concept is supported within the community. Self-initiated development such as the building of hiking trails and the protection of cultural sites is especially appealing. A visitor industry of modest size, focusing on the appreciation of Polynesian culture, the island's natural beauty and the preservation of the environment, could be an engine of economic growth at the grass-roots level of villages and families.

15. Improvements in air service, privatization and expansion of the Rainmaker Hotel, together with recent growth in the number of motel rooms and cruise ship calls and the expansion of government tourism assistance, could make tourism a prime growth sector.

16. The Government of American Samoa also has been working on several small-scale projects that could help expansion of the private sector. The Government has successfully concluded negotiations with a United States garment manufacturing firm to set up a factory in the Territory. The Government is also looking into other ventures under its industrial recruitment programme.

C. Government Administration

17. In the past, American Samoa's technical capacity to track and account for its expenditures has been among the best in the insular areas. Since 1988, the Government's financial statements have received opinions qualified only in

regard to fixed asset accounting. Management information sufficient to monitor the financial situation continues to be in place. However, the Government's accounting function is currently operating at a reduced level owing to the loss of key personnel and the adoption of a new computer system.

18. In its 1992 audit, the General Accounting Office found that the laws prohibiting the expenditure of funds in excess of appropriated amounts have been disregarded and procurement and contracting regulations have not been implemented. Accountability for such actions by responsible officials has not been enforced. High cost areas, such as medical referrals, procurement and personnel, have not been managed well.

19. The plan of action developed by the territorial Government and submitted to the United States Congress on 12 April 1993 provided an outline of activities the Government would take to implement the recommendations of the General Accounting Office. These measures include the improvement of revenue collections, the enforcement of American Samoa law prohibiting the expenditures in excess of appropriated funds and the implementation of sound practices in procurement and contracting. Besides stating this commitment to accepted management practices, the plan of action calls for reductions in personnel and improved management of medical referrals to reduce government expenditures. The plan also calls for filling vacancies in the Territorial Audit Office.

20. The Congress then directed the Department of the Interior to work closely with the Government of American Samoa to define more clearly specific objectives arising from this general outline and to implement the plan of action. A Joint Working Group of the Government of American Samoa and the Department of the Interior was formed and memoranda of agreements were signed in early 1994 to address the goals of the plan of action. These include agreements to have a team of Treasury Department officials make recommendations on financial management improvements and a team of Justice Department officials to recommend improvements in prosecutorial functions.

21. In 1995, the Office of Territorial and Insular Affairs worked with local leaders to identify and hire a financial planning group to help the Government of American Samoa to prepare a long-term financial recovery plan. CORE, Inc. began its work in American Samoa on 8 May 1995. After its preliminary review, CORE officials concluded that American Samoa could institute immediate revenue-enhancing measures, including modest increases in local government fees for hospital, court, airport, seaport, telephone, hotel and golf course services. This enhancement could provide $3 million in annual additional revenue to the cash-strapped Government. CORE also recommended mid- and long-term cost-containment measures.

22. The Office of Territorial and Insular Affairs and the Department of the Interior's Information Resources Office worked with the territorial Government to automate fully American Samoa's financial accounting systems. On 8 April 1995, officials of the Office of Territorial and Insular Affairs signed a grant with Governor Lutali, providing the territorial Government with $1.6 million for the purchase and installation of a computerized financial management system. The grant will also be used for procuring auditing and accounting support services.

23. At the same time, a team from the Internal Revenue Service set up a training programme for local officials in tax collection and enforcement. The Office of Territorial and Insular Affairs also assisted the Government of American Samoa to improve local government fiscal management practices through the Insular Management Control Initiative, which funds training of financial management personnel of the territorial Government.

24. At Governor Lutali's request, a team from the Department of Justice/Federal Bureau of Investigation (FBI), in cooperation with the Government of American Samoa, conducted an assessment of white-collar crime involving public funds and the need for investigative and prosecutorial assistance to supplement local capabilities. The Justice Department's report concluded that major local government fraud, including the theft and misuse of federal funds, was contributing significantly to American Samoa's worsening financial condition and neither local nor federal law enforcement capabilities were adequate to deal with the problem.

25. The Office of Territorial and Insular Affairs, working with the Justice Department on the issue of federal law enforcement in American Samoa, developed draft legislation that would confer on the United States District Court of Hawaii limited jurisdiction for the enforcement of federal statutes in the islands. This jurisdiction would also provide for the collection of debts owed to the United States by residents of American Samoa. At present, except for a few minor exceptions, no federal court has jurisdiction over American Samoa and this void has made it extremely difficult, if not impossible, for the United States to enforce its laws in the Territory and to collect debts owed to it by its inhabitants.

26. The jurisdiction would be limited to civil, criminal and regulatory statutes of the United States and only to suits brought by the United States. This is intended to protect American Samoa's culture and customs, especially the extended family, traditional chiefs (Masai) and communal land tenure systems. The legislation would specifically provide that the court not have jurisdiction over litigation that directly affects a Matai title or communal property. This limitation stems from the United States legal obligations under the Treaties of Cession.

27. The Office of Territorial and Insular Affairs also has provided technical assistance in a number of other areas since the formation of the joint working groups. These include establishing a cooperative management and maintenance programme to improve medical services in the government hospital, initiating a public health service evaluation of the off-island medical referral system, and extending Pacific Island training initiative programmes to provide a long-term training programme for government officials.

28. The commitment of the Government of American Samoa to reform its practices is paramount to the success of the Joint Working Group. In 1988 and 1990 the Government developed financial recovery plans to deal with its then less daunting deficits. Audit reports indicate that key elements of the plans were not implemented and thus were not effective. Despite the best intentions of plans and technical assistance, the success of the most recent efforts will depend on the political will of the Government.

III. INFRASTRUCTURE

A. Water system

29. The American Samoa Power Authority continues to progress towards the goal of providing safe drinking water to all villages in American Samoa. To date, 15 villages continue to rely on antiquated and poorly maintained surface water catchment systems. By the end of the year, 10 of these villages will be connected to quality water systems built and maintained by the Authority. The remaining villages are included in comprehensive plans to construct satellite water systems. A cornerstone of this effort will be acquisition of a new water well drill rig. The Tafuna water system improvements project consists of replacing undersized, old and corroded distribution pipes and construction, now under way, of a 1 million gallon storage tank.

B. Waste-water system

30. The modification and expansion of the two waste-water plants at Utulei and Tafuna have been completed and the plants are fully operational. The first phase of the Tafuna Plains sewer collection system has made significant progress. The Department of the Interior has assisted in funding a hazard mitigation project to improve the sewage ocean outlets. The project is currently under construction. Other capital improvement projects funded by the Department of the Interior include a new sewer collection system for the island of Aunutu and a sewer connection programme within the Pago Pago Bay area. The latter programme has been extremely successful: approximately 220 homes have been connected through this programme and another 50 homes will be served when the project is completed.

31. The American Samoa Power Authority has implemented a combined water/waste water rate charge to complement the annual subsidy from the Government of American Samoa. Unfortunately, the Government has not been able to meet its financial obligations to the Authority, which is hampering the ability of the Waste-water Division to perform its responsibilities. The Division is unable to meet the needs of the growing population without capital improvement funds. Re-authorization of the Environmental Protection Agency (EPA) Clean Water Act Construction Grant funds is necessary if the Authority is to provide the people of American Samoa with a healthy standard of living.

C. Solid waste disposal

32. On 1 March 1995, the Governor of American Samoa, under Executive Order No. 5-1995, transferred the solid waste programme to the American Samoa Power Authority. This fulfils a recommendation of the Operations and Maintenance Improvement Program team.

33. The team has also recommended that solid waste disposal should be funded by user fees and not subsidized by other operations of the American Samoa Power Authority. There are currently no charges to the consumer for waste disposal.

34. Other programmes and studies under way include a recycling and reutilization study by EPA, a hazardous waste disposal options study (also by EPA), an EPA study to reduce hazardous waste, and a used battery recycling programme. In addition, the territorial Environmental Protection Agency has been working with a firm that is interested in removing and salvaging all scrap metal, including several commercial vessels sunk on the reef in Pago Pago harbour.

D. Power generation and distribution

35. The American Samoa Power Authority generates, transmits and distributes electric power throughout American Samoa. The overall operation of the utility is considered a great success. Recently, the Authority installed the fourth new high efficiency, low revolutions per minute generator. These were financed by savings realized from lower fuel and maintenance costs made possible by new diesel engines.

36. To protect this investment, modern programmed maintenance is being implemented at the American Samoa Power Authority. The power infrastructure is also being protected against natural disasters. Both the Satala and Tafuna power plants have projects under review to make tropical storm resistant modifications to the plants. These will include reduced noise emissions and automation of controls for maximum fuel efficiency and reliability.

37. The distribution of electric power has also benefited from completion of upgraded warehouse and shop facilities and from the consolidation of projects, including the underground placement of feeders to the canneries and the Pago Pago business and government district.

E. Roads

38. American Samoa's highway system consists of 120 miles of roads designated as federal highways and approximately 100 miles of paved and unpaved public roads. The roads designated as federal highways are eligible for improvement using federal highway aid funds, but other roadways are the responsibility of the territorial Department of Public Works.

39. The highway system in American Samoa is generally in poor shape, owing to the effect of hurricanes, the age of the roads, inadequate maintenance and past road construction standards that did not meet current heavy traffic loads. Federal funds are now being used for an extensive programme to construct improved roadways designed to last for some 50 years.

40. Funding for road maintenance comes from a portion of the Territory's gasoline tax of 10 cents per gallon. Legislation is being prepared to increase the gasoline tax to reflect national averages in order to secure adequate funding to meet maintenance needs. However, the Operations and Maintenance Improvement Program team has found that funds are accumulating in the road maintenance fund with no budget for their utilization. The team has made

specific recommendations for improved road maintenance, including reduction in redundant staff, better planning, rental of equipment and better training.

F. Seaports

41. The main commercial port facility of American Samoa is located in the harbour of Pago Pago. The facilities at the port are quite extensive since the harbour is used for a number of activities. The general condition of the port continues to deteriorate because of an inadequate maintenance budget, according to the Operations and Maintenance Improvement Program team.

42. The container storage area needs resurfacing as a result of the fast deterioration in the heavily trafficked areas by local stevedoring companies and the public. Dust and mud are constant problems that add to the cost of operations for the stevedoring companies. These high costs are eventually passed on to the shippers. To date, no funding has been made available for a pavement resurfacing project, although it has been requested from the Government of American Samoa every year for the past several years. To help alleviate crowded conditions at the port, the fourth year review report on the Operations and Maintenance Improvement Program also recommends that an off-site container storage area be procured.

43. The principal Operations and Maintenance Improvement Program recommendation is for the creation of a port authority. The port is also in need of considerable technical assistance to organize its operations better. The Operations and Maintenance Improvement Program team continues to recommend a master plan for all maritime facilities within Pago Pago harbour. The team has reviewed the scope of work for the port master plan and has made several recommendations designed to create a port authority that is viable and could run the port efficiently.

44. A continuing problem has been port security. Fines totalling $160,000 have now been levied by the Coast Guard because of inadequate safety and security. This is an increase of $110,000 from last year and represents nearly a tenth of the port's budget.

G. Airports

45. Pago Pago International Airport is owned and operated by the Government of American Samoa under the Department of Port Administration. The Operations and Maintenance Improvement Program team found the airport to be generally well maintained since it has an independent source of funding. Its management is able to make use of opportunities to increase revenue, such as a new parking fee, for use in maintaining the parking area.

46. The main runway at the airport is 150 feet by 9,000 feet and is paved with asphaltic concrete. The secondary runway is 3,700 feet long and 75 feet wide. The airport has a tower with a Federal Aviation Authority (FAA) controller. There is an air rescue and fire fighting station at the airport, and two new fire trucks, each with a 1,500 gallons pumping capacity, have been received.

47. The Government of American Samoa proposes to extend the main runway by 1,000 feet in order to promote Pago Pago Airport as the pre-eminent airport of the South Pacific. Although the terminal is relatively spacious, it has difficulty handling the large influx of passengers that arrive on regular flights from Hawaii. The Operations and Maintenance Improvement Program team continues to recommend improved maintenance of the terminal, including installing a new baggage conveyor belt, fixing the roofs and replacing the maintenance shack.

48. The airfield at Ofu is 2,100 feet by 60 feet and is built of portland cement concrete. There is a 1,800-square foot terminal to handle passengers and cargo. This airfield can handle only light aircraft. A similar airport (the Fitiuta Airport) on Ta'u with a 2,400-foot by 75-foot landing strip was completed in 1992. A new terminal building for this field was completed in 1995 with funding from FAA grants.

H. Schools

49. The 22 elementary schools and 6 public secondary schools are in generally good condition. However, there is a continuing need for a comprehensive maintenance and operation programme and there is a need for at least 65 new classrooms immediately and 150 by the year 2000. With a rapidly growing school-age population, the Territory is falling behind even with an aggressive programme under which 24 new classrooms were built in the past year.

I. Hospitals

50. American Samoa's hospital now operates as the American Samoa Hospital Authority, governed by a five-member Board of Directors. The hospital is co-managed under a contract with Mercy International Health Services, funded by a technical assistance grant from the Department of the Interior. The hospital still does not have the level of autonomy needed to gain effective control over its own operations.

51. The continued provision of basic health services is threatened by the Government's severe cash flow problems. Outstanding debts to vendors and providers have led to curtailed or delayed shipments of essential drugs and supplies, jeopardizing the health of patients and increasing costs. Alternative financing strategies are under review.

52. Nurses salaries have become more competitive, which should improve recruiting efforts. A quality management programme plan has been completed. Hospital maintenance has been improved under an Operations and Maintenance Improvement Program grant. A survey by the Corps of Engineers found the hospital structurally sound, but recommended major improvements, including installation of a complete fire protection system. A five-year plan was completed but additional funding for capital improvements will be needed. Maintenance of the facility must not be overlooked or the gains made may be lost. Increases in charges for patient service, including services for

non-residents and those covered by insurance, can provide significant additional funds.

IV. ASSISTANCE BY THE ADMINISTERING POWER

53. In the 1995 fiscal year, the Office of Territorial and Insular Affairs had budget authority of $582.2 million dedicated to activities affecting four United States insular areas and three freely associated states. Of this amount, $389.7 million was budgeted for the freely associated states, including grants for operations, capital improvement, special trust funds and federal services. Approximately $80.1 million were budgeted for "Assistance to Territories", including government operations subsidies and construction grants to American Samoa ($28.5 million).

A. Government operations subsidies

54. American Samoa is currently unable to generate a level of local revenues to assure that essential public services are provided to its citizens. Therefore, the federal Government annually provides direct support for American Samoa's general government operations through the Office of Territorial and Insular Affairs. In the 1995 fiscal year, American Samoa received $23 million under this programme. The allocation of the Department of the Interior's operations grants to American Samoa is made according to American Samoa's administrative and legislative practices.

B. Capital improvement grants

55. The Department has annually budgeted for the construction of needed capital improvements in the insular areas when the lack of local funding poses a threat to health and safety or when such improvements are essential to economic development.

56. Capital improvement funding in the 1995 fiscal year, exclusive of Commonwealth of Northern Mariana Islands Covenant funds, was $5.5 million. American Samoa received all of those funds.

C. Insular development act

57. On behalf of the Administration, the Office of Territorial and Insular Affairs developed an Insular Development Act of 1995, which was reflected in the 1996 fiscal year budget proposal of the President of the United States. The initiative was in response to several developments, including the changing needs of the United States insular areas and the austere budgetary environment of the 104th Congress, which made increases in discretionary funding extremely unlikely.

58. Under the proposal, which called for the reallocation to be made annually until the 2001 fiscal year, American Samoa would receive $15 million in the 1996 fiscal year for essential infrastructure development that the territorial Government has no other means of funding.